

FISCAL NOTE

SB 226

March 23, 2005

SUMMARY OF BILL:

- Removes local authority for hiring and firing and the provision of benefits for teachers and requires the Commissioner of Education to employ and assign teachers and other instructional personnel to the various LEAs, thereby redesignating such teachers as state employees.
- Removes educational provisions regarding the employment and assignment of personnel, teachers' tenures, collective bargaining, teacher and staff leave from employment, the teachers' local retirement system, general provisions on the career ladder program, and specific provisions for the teacher, principal, assistant principal, and supervisor career ladder programs.
- Prohibits the distribution of state-shared revenue if K-12 teachers are classified as state employees. Alternatively, all funds otherwise subject to distribution would be deposited into the Education Trust Fund of 1992.
- Limits the sharing or distribution of state funds to local governments to that amount specifically appropriated for that purpose in the General Appropriations Act each year.

Under present law, the hiring and firing of teachers within an LEA, and the provision of benefits for teachers is generally handled at the local level. Of the several duties required of LEAs, one is assigning the Director of Schools the duty of recommending teachers who are eligible for tenure to the local board of education or notifying such teachers of their failure of reelection. Upon the Director's recommendation, the LEA elects teachers, fixes their salaries, and makes written contracts. Also, a portion of the revenue derived by the state from various taxes and other fees is distributed to local governments. Present law provides for the distribution of state-shared revenue to counties and municipalities based upon their populations according to the latest decennial census.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$1,719,278,612

Increase State Revenues - \$708,300,000

Decrease Local Govt. Expenditures - \$3,325,744,481

Decrease Local Govt. Revenues - \$2,314,765,869

Other Fiscal Impact - Provisions of the bill may have additional fiscal implications not addressed, such as less local administrative staff and additional state administrative staff to handle several thousand new state employees.

Estimate assumes:

- Certificated personnel (66,442) employed by LEAs would become state employees.
- Approximately 12,000 of the total number of certificated personnel are being funded outside the BEP with local governments paying 100% of the cost. These teachers would become state employees with the state assuming 100% of the cost.
- Certificated personnel (teachers) will receive at least the same salary that they are now receiving by LEAs.
- Local governments are now expending \$1,010,978,612 for instructional salaries that they would not be required to spend. Under the bill, the state would be responsible for assuming this liability.
- Local governments would no longer receive \$1,606,465,869 that is being generated through the BEP for certificated positions.
- Approximately \$708,300,000 in state-shared taxes would be withheld from local governments in FY03-04.
- Currently, the salary and benefits cost to state and local governments for 66,442 certificated personnel is \$3,325,744,481. Under the bill, the state would assume 100% of this cost. This cost (\$3,325,744,481) would be offset in part by the amount that is presently being generated through the BEP for these positions (\$1,606,465,869) and the amount local governments currently receive from state shared taxes (\$708,300,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director